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# Borealis Group

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Debt Investor Presentation  
FY 2021

# Welcome to the Borealis' Debt Investor Presentation



*“Sustainability in Finance will be one of the key paradigms for the future.”*

**Jan-Martin NUFER**  
*Vice President Treasury & Funding*

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# Borealis at a glance

# Highlights 2021

## January-December

**Safety first – TRI rate of 2.3** in 2021 compared to 3.9 in 2020.

Record-breaking results despite ongoing market volatility due to COVID-19: – **Net profit of EUR 1.4 billion** – 133 priority patents filed

**#strongertogether** enables closer collaboration and realisation of synergies with majority owner OMV.

**USD 6.2 billion investment agreement to build Borouge 4** extends and deepens partnership with ADNOC and is cornerstone of Borouge 2030 Strategy.

**Geographic footprint expansion** on track as construction on growth projects continued apace in Belgium (Kallo), the UAE (Ruweis) and the US (Baystar™), despite ongoing pandemic.

**Project STOP to be extended** to serve 2 million Indonesians by 2025, establishing around 1,000 new jobs and collecting 25,000 tonnes of plastic waste annually.

**Driving the circular economy:** acquisition of minority stakes in innovative recycler **Renasci** and sustainable packaging innovator **Bockatech**; value chain co-operation results in numerous circular food packaging innovations, from Emmi's Caffè Latte to Greiner Packaging's food cups.

Borealis and TOMRA open state-of-the-art **demo plant for advanced mechanical recycling** in Germany.

The **Bornewables™ portfolio** of circular polyolefins can help reduce CO2 emissions, says Life-Cycle Assessment study conducted in Germany.

Total **amount of renewable power secured for European production** operations via multiple power purchase agreements provides enough energy to power 160,000 households for an entire year and makes up around 20% of the Borealis Group's power consumption.

**Qpinch heat recovery demonstration unit** at Borealis low-density polyethylene plant in Belgium is first to apply revolutionary technology at commercial scale.

**Step-changing new material class** for film capacitor applications developed in collaboration with TOPAS Advanced Polymers.

# Borealis at a glance

## 25 Years of Borealis and >50 Years of History

Borealis was formed in 1994 through the merger of Statoil and Neste.  
The Latin word "Borealis" means "from the north" and reflects the company's early ties to the Nordic region.

### Worldwide



Head office in **Vienna, Austria**  
Operating on **five continents**  
in **120 countries**

### Employees



**+6,900 employees**  
**+3,500 in Borouge**

### Line of Business



Production and sales of  
**polyolefins, base chemicals**  
and **fertilizers**

### Market Position



**2<sup>nd</sup> largest polyolefin**  
producer in **Europe**

### Credit Rating

**BBB+**

**Strong investment**  
grade credit rating

### Joint Venture



**Borouge operates world's**  
largest integrated polyolefins  
site in **Ruwais, UAE<sup>1</sup>**

### Patents



**133 priority patents**  
filed in **2021**

### Sales Revenue



**Net Sales 2021**  
**EUR 8.6 billion**  
*excl. discontinued operation*

### Net Profit



**EUR 1.4 billion**  
in **2021**  
*excl. discontinued operation*

### Ownership Structure

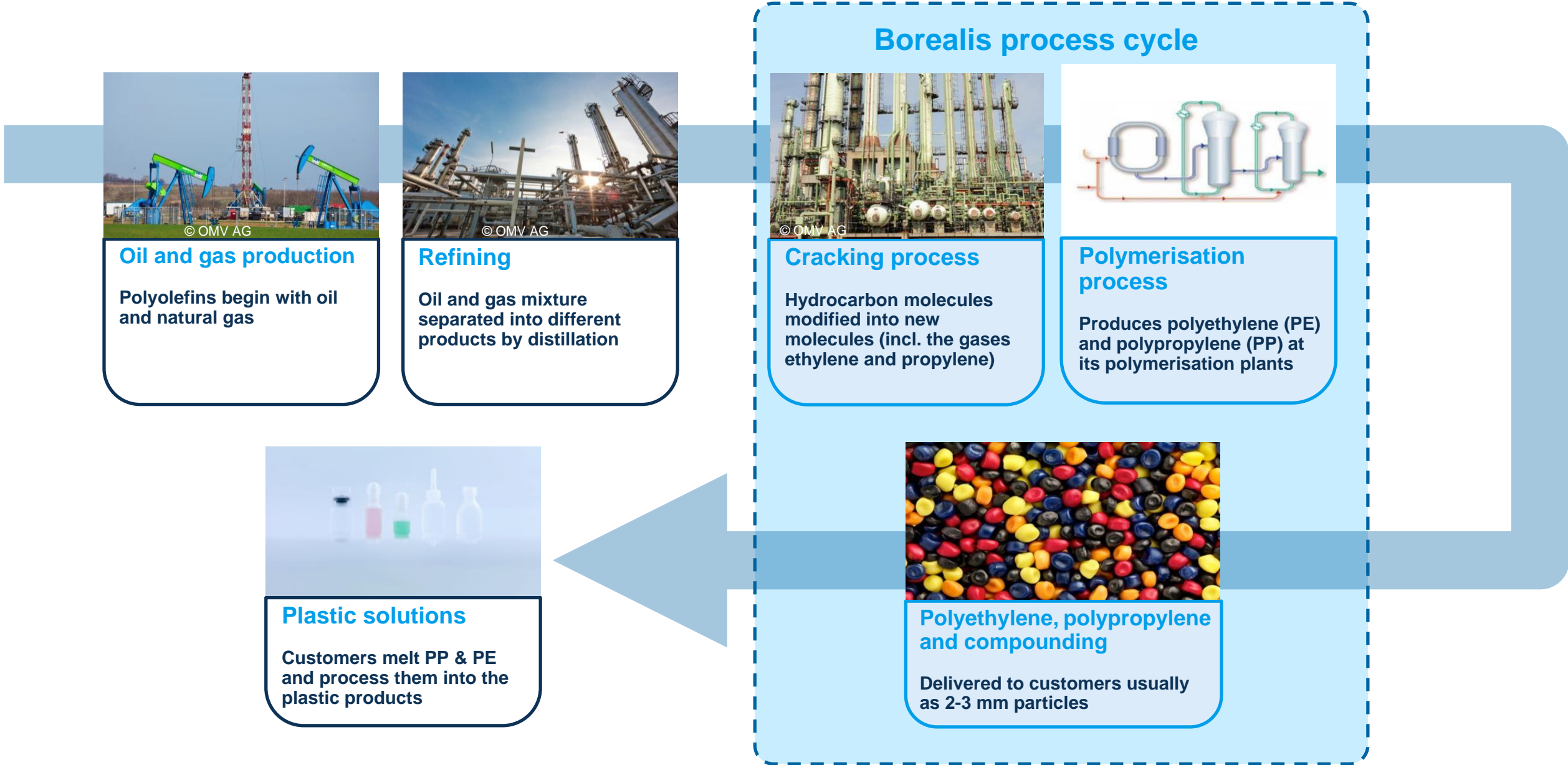


**OMV, Austria – 75%**  
**Mubadala, UAE – 25%**

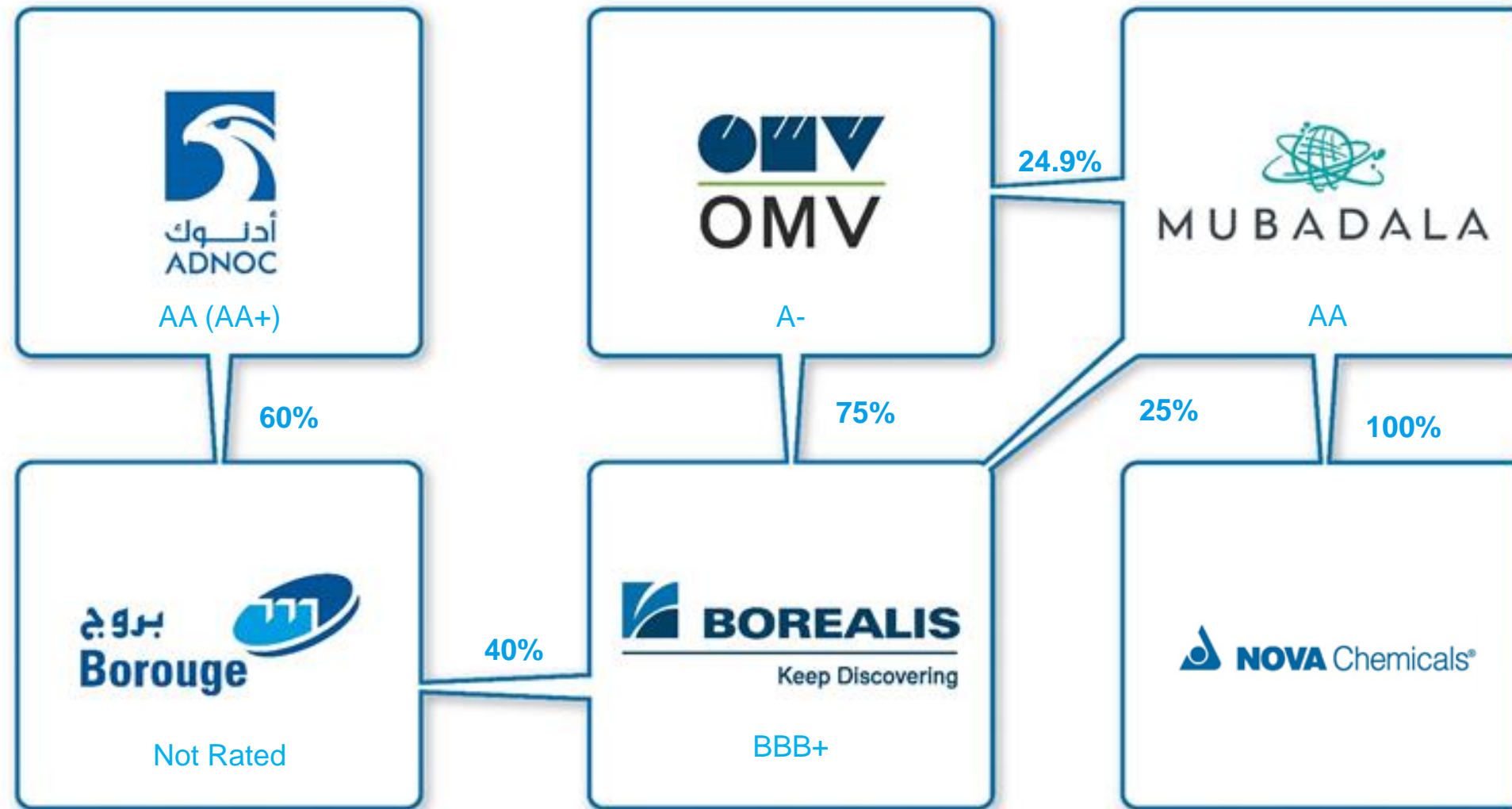
<sup>1</sup> Source: Borealis research



# Borealis in the plastic value chain



## Strong shareholders, with long-term visions



**S&P Global**  
Ratings

Borealis was issued a **strong investment grade BBB+ rating** with stable outlook by S&P Global Ratings on November 9, 2018.

The Borealis rating was reconfirmed by S&P on November 18, 2021.



# Borealis worldwide

## Borealis Locations ●

### Head Office

Borealis AG  
Trabrennstr. 6-8  
A-1020 Vienna, Austria  
Tel. +43 1 22 400 300  
Fax + 43 1 22 400 333  
www.borealisgroup.com  
info@borealisgroup.com

### Customer Service Centres

Austria, Belgium, Brazil, Finland,  
France, Hungary, Turkey,  
United States

### Production Plants

Austria, Belgium, Brazil, Finland,  
France, Germany, Italy, South Korea,  
Sweden, The Netherlands,  
United States

## Borouge Locations ●

### Head Offices

Singapore, UAE

### Innovation/Application Centres

China, UAE

### Production Plants

China, UAE

### Sales Offices/Representative Office

Argentina, Chile, China, Colombia,  
Czech Republic, Denmark, France,  
Hong Kong, Mexico, Morocco, Poland,  
Russia, South Africa, Spain, Turkey,  
UAE, UK, United States

### Borealis L.A.T Locations

Austria, Bulgaria, Croatia,  
Czech Republic, France, Greece,  
Hungary, Romania, Serbia, Slovakia

### Borealis Rosier Locations\*

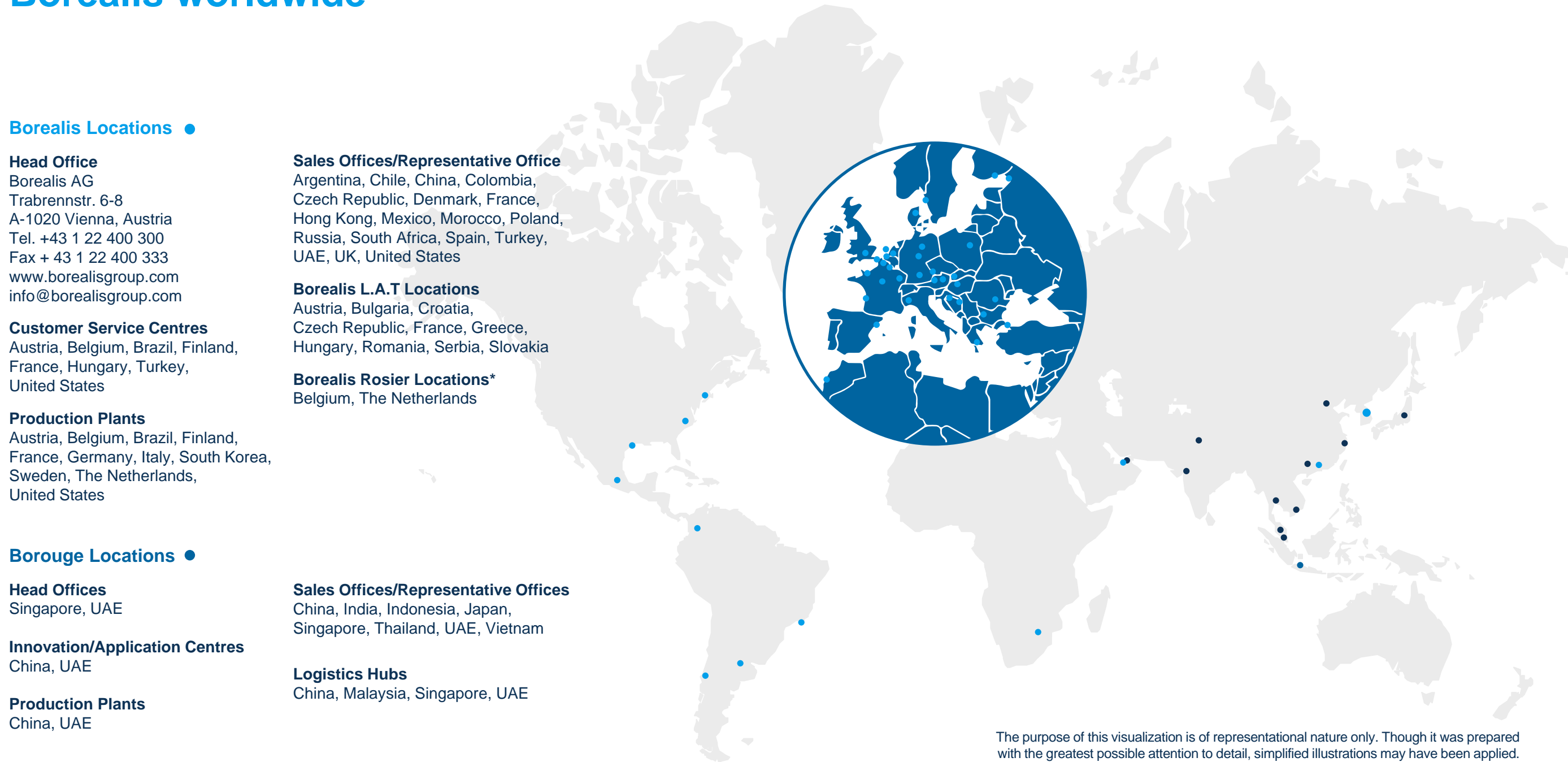
Belgium, The Netherlands

### Sales Offices/Representative Offices

China, India, Indonesia, Japan,  
Singapore, Thailand, UAE, Vietnam

### Logistics Hubs

China, Malaysia, Singapore, UAE



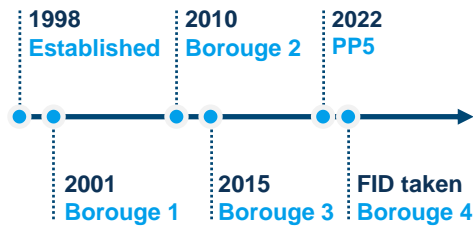
The purpose of this visualization is of representational nature only. Though it was prepared with the greatest possible attention to detail, simplified illustrations may have been applied.



# Borouge – a very successful joint venture

## Evolution

Abu Dhabi, United Arab Emirates

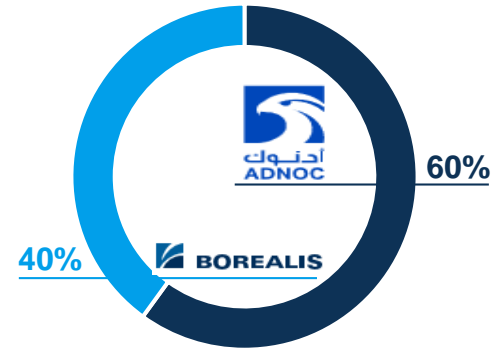


## Facilities

**Biggest** integrated ethylene complex (3,600 kt per year)

**Largest** polyolefin site (19 operating units, 13 shift supervisors, & 180 operators per shift)

## Ownership

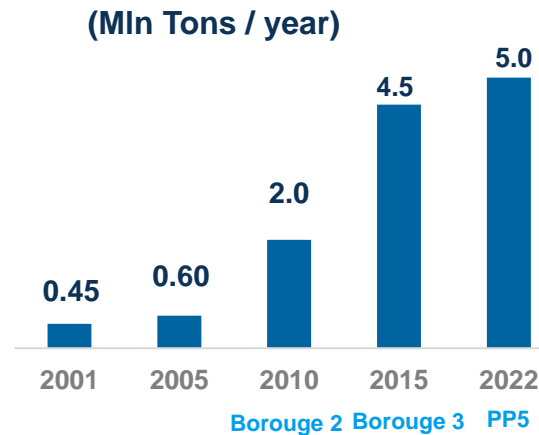


## Employees



**+3,500 employees**  
(170 secondees in Abu Dhabi, Singapore, & Shanghai)

## Polyolefins production



## Net Profit (2021)



**Net profit after tax of EUR 1,291 million**



*In November 2021, ADNOC and Borealis reached a final investment agreement to build Borouge 4 in Ruwais, United Arab Emirates (UAE), which will produce 1.4 million tons of polyethylene per annum.*

*The expansion project includes construction of a 1.5 million tonnes ethane cracker, two state-of-the-art Borstar® polyethylene plants and a cross-linked polyethylene plant.*

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# Global solutions and products





**Borealis addresses global challenges**



# Borealis product range

## Base Chemicals

### Melamine



#### Wood based panels

- Laminates
- Plywood
- Particle board (PB)



#### Laminates

- Laminate flooring
- Furniture tops
- Kitchen counter tops
- Wall cladding



#### Melamine Coatings

- Vehicle body
- Household appliances
- Drink cans



#### Moulding Compounds

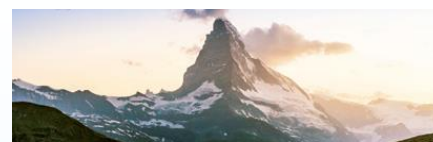
- Table & picnic-ware
- Children dinnerware
- Handles for pans and other utensils



#### Hydrocarbons & Energy

- Feedstock, olefins, & co-products
- Phenol & Acetone
- Energy

## Polyolefins



### Circular Economy Solutions

- Mechanical recycling
- Design for recyclability (DfR)



### Polymer Solutions

- Polymer Modifiers
- Foam solutions
- Reinforced polyolefins for structural parts

--- With our advanced polyolefins for virgin and circular economy solutions we serve these industries: ---



### Consumer Products

- Flexible packaging
- Rigid packaging
- Fibres
- Appliances (washing machines, dish washers, fridges/freezers, vacuum cleaners, coffee makers, microwave oven etc..)



### Energy

- AC/DC extra high, high, medium & low voltage
- Fibre optic & data network cable
- Automotive, building, photovoltaic, & industrial cables



### Healthcare

- Medical pouches
- Syringes
- Sachets
- Medical devices
- Bottles



### Infrastructure

- Water & Gas
- Sewerage & industrial
- Plumbing & heating
- Oil & gas



### Mobility

- Bumpers & body panels,
- Exterior & interior trims,
- Dash-boards & central console
- Door cladding
- Under body shielding,
- Cooling systems & battery tray

## Fertilizers



### Nitrogen Fertilizer



### Specialties



### Technical N Products

# Consumer Products



**Stand-up pouches designed for recycling (DFR) so it can be collected, sorted, and recycled**



**Deploy HMS PP 100% recyclable HMS PP foam developed for food service (cups), automotive, and construction**



# Energy



**Polyolefin compounds solutions for high voltage cables (HVC) for long-distance and sub-sea energy transmission**



**Encapsulant film and backsheet compounds for long-term photovoltaic module performance and reliability**





# Healthcare




**Reliable solutions for medical and pharmaceutical applications that add value to healthcare**



**Borealis Bormed™ products are a valuable addition for rigid and flexible products in the healthcare industry**





**Shielding against pollution and viruses with protective face masks – made possible with plastics**

The demand for face masks is only intensifying, whether for the healthcare industry, protecting against air pollution, or in offering a barrier against any bacterial and viral threats, such as for instance the currently ongoing coronavirus outbreak. **Advanced plastics solutions, such as meltblown fibres, play a vital role in face mask applications.**

# Infrastructure



**Polyolefin solutions for water and gas supply, waste water and sewage disposal, in-house plumbing and heating**



**Coated steel pipes for several applications, including the oil & gas industry**



# Mobility

VW Tiguan side panel & wheel arch trim



C-Class Low density front grills



**Exterior Solutions for OEMs, including side panes, bumpers, front-grills**

Audi A1 Door Cladding



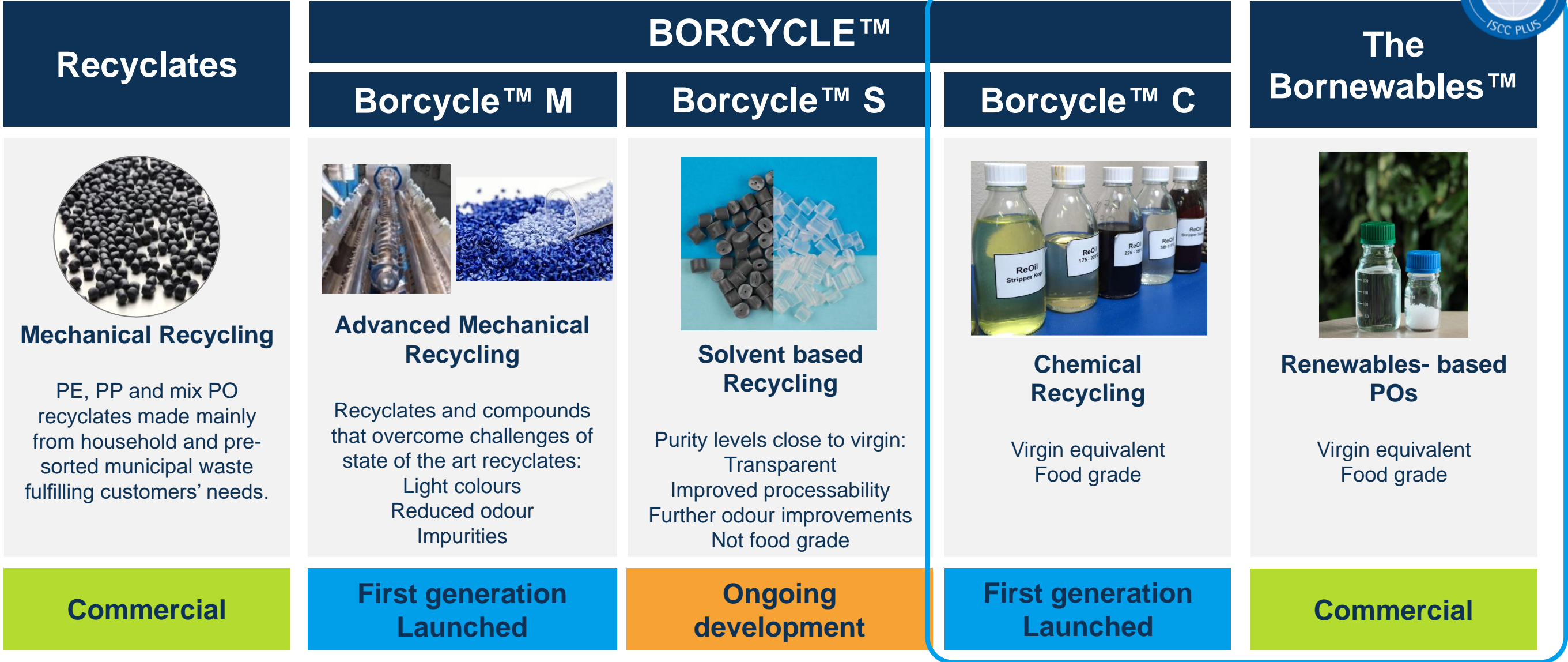
Skoda Karog Trunk Trims



**Interior Solutions, including Door Claddings, Trunk Trims, Tail-gate Cladding, etc.**

# Circular Economy: Borealis expands PO product portfolio

## New circular solutions

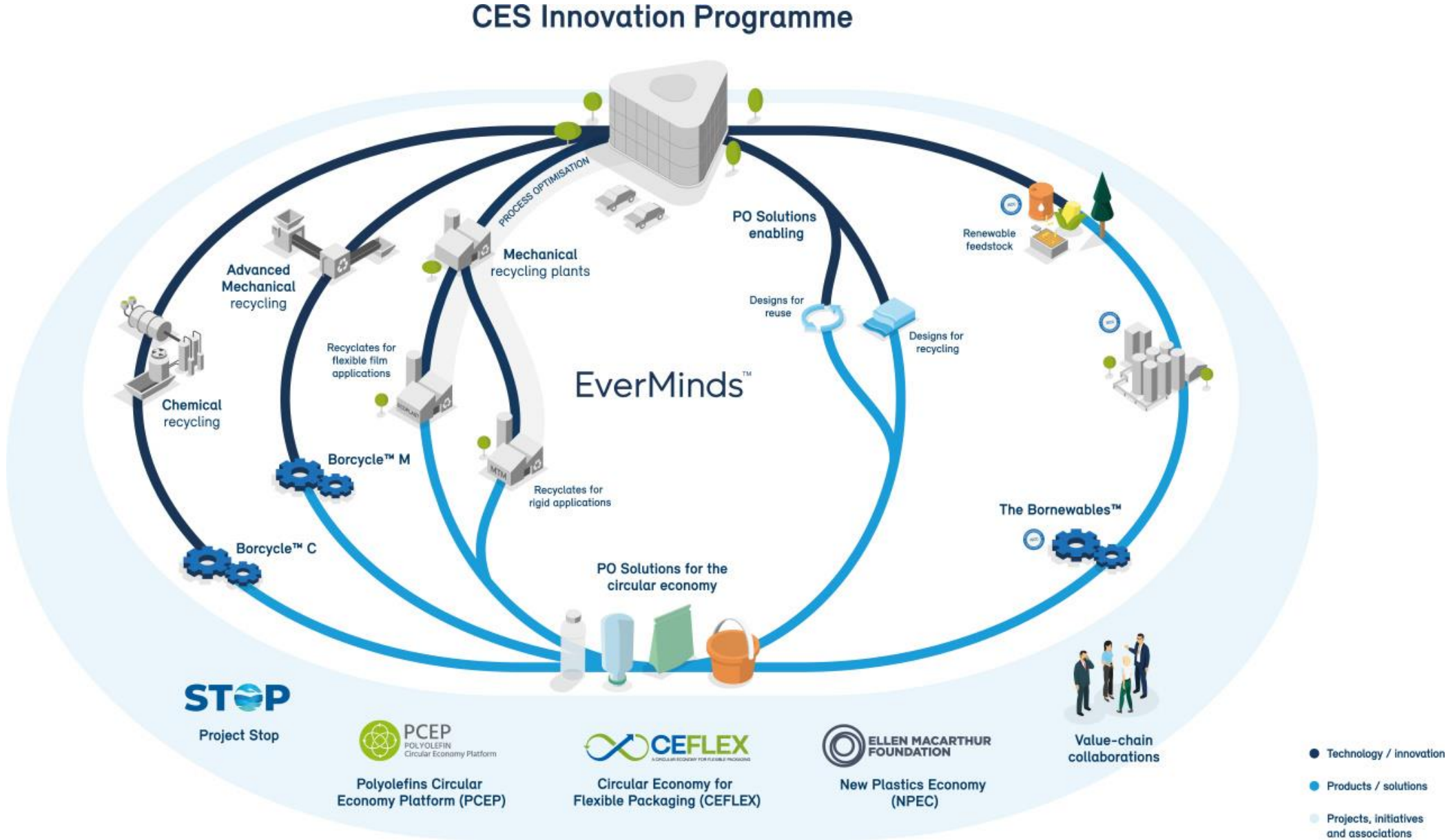


*Non-virgin like / non-food*

*virgin like / food*

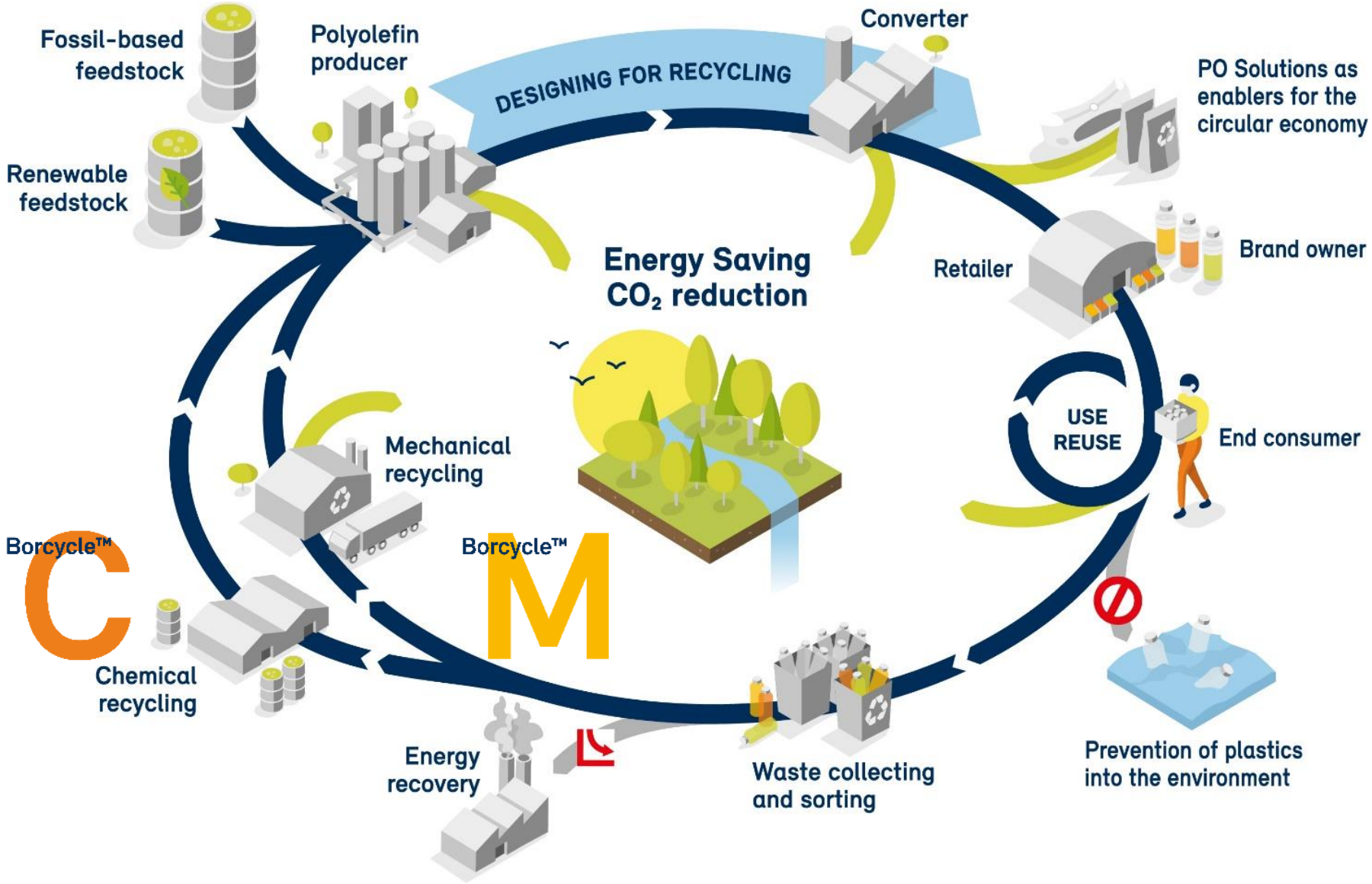


# Borealis offers a well-rounded mixture of circular PO solutions



# To build up a Circular Economy, Borealis takes a wider view on the value chain

Closing the loop with our Borcycle™ portfolio of recycling technology solutions





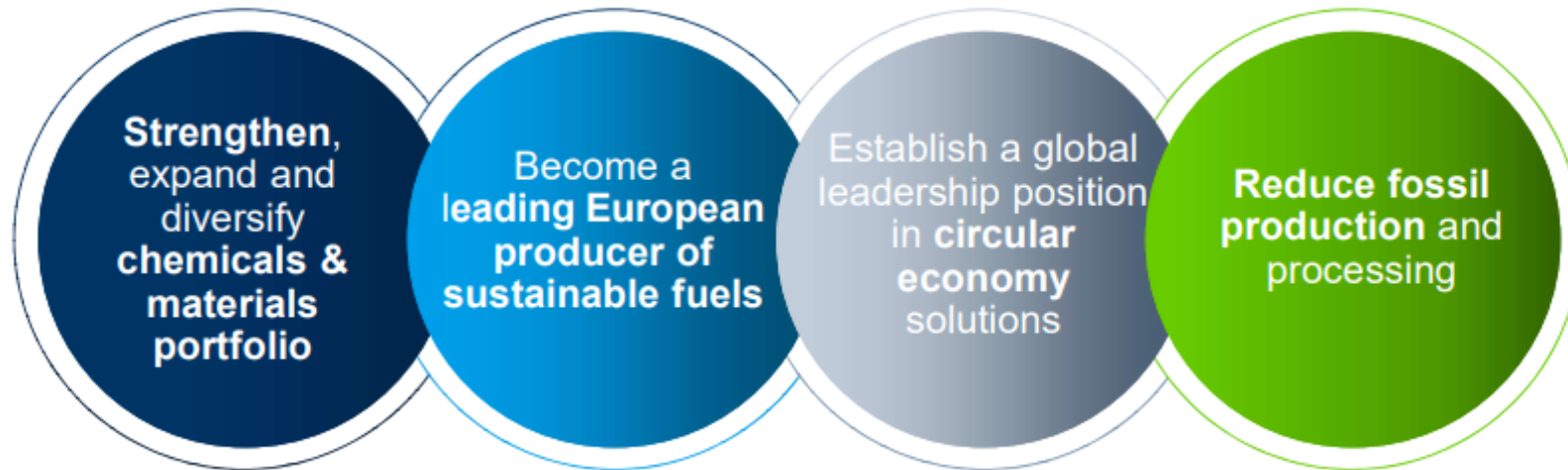
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# Group strategy

# OMV Strategy 2030

**Become a leading sustainable fuels, chemicals and materials company  
– with a strong focus on shareholder value**

**Net zero by 2050 in Scope 1, 2 and 3**



High cash flow generation | Clear investment criteria | Progressive dividend policy

- **Changed product portfolio will increase profitability and deliver higher quality earnings**
- **Strong financial performance of existing businesses drives transition**
- **Strategic portfolio management to transform business at speed**
- **Growth options to be implemented in a targeted and disciplined manner**
- **Progressive dividend policy continues to deliver attractive shareholder returns with significant upside**

# Borealis Group Strategy 2035

## The new strategy is built on three key pillars

### Life demands progress – We are re-inventing for more sustainable living

#### Geographical expansion

Leverage core to become fully global partner to customers for high-value material solutions

##### North America

Grow through M&A or selected build projects to strengthen the global footprint

##### MEA

Build on ADNOC partnership to capture further growth with assets in Abu Dhabi and in Asia

#### Transformation

Evolve to fully customer-centric approach to offer sustainable high-value and circular material solutions

##### Circular Economy

Lead the transformation to a truly circular economy across all applications

##### Value Add

Acquire adjacencies to complement and accelerate value creation through innovation

#### Leading from the core

Build on safety, values and culture to sustain strong integrated margins in high-value polyolefin solutions

##### Sustainability

Improving environmental footprint and sustainable use of resources in areas where we operate

##### People

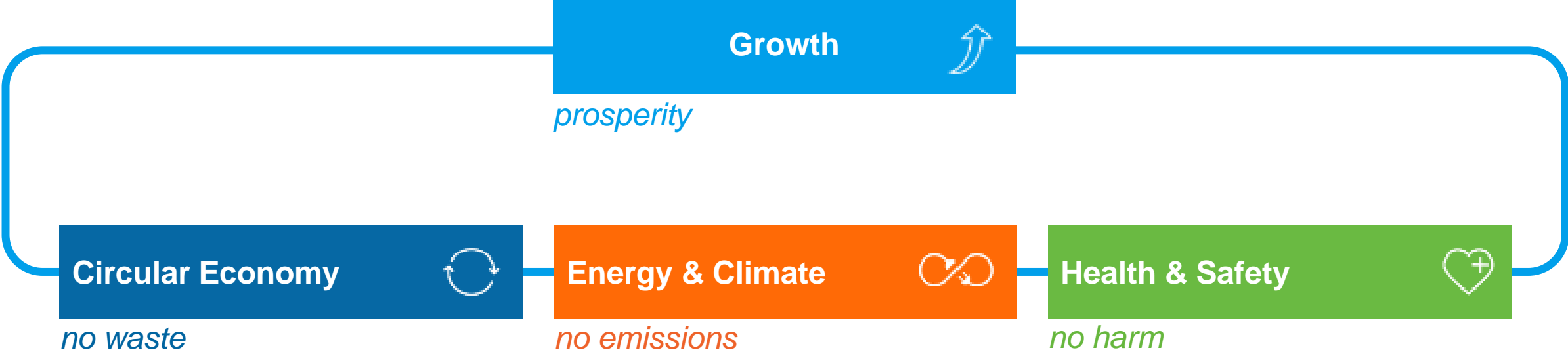
Drive impactful leadership in a high-performing, diverse and mobile organisation and a purposeful work place

##### Excellence

Focus on excellence across all activities. Utilise technology and digitalisation to drive efficiencies

# Borealis Group Strategy 2035

## Growth is supported by three sustainability principles



**Enhance sustainability in operations and supply chain**

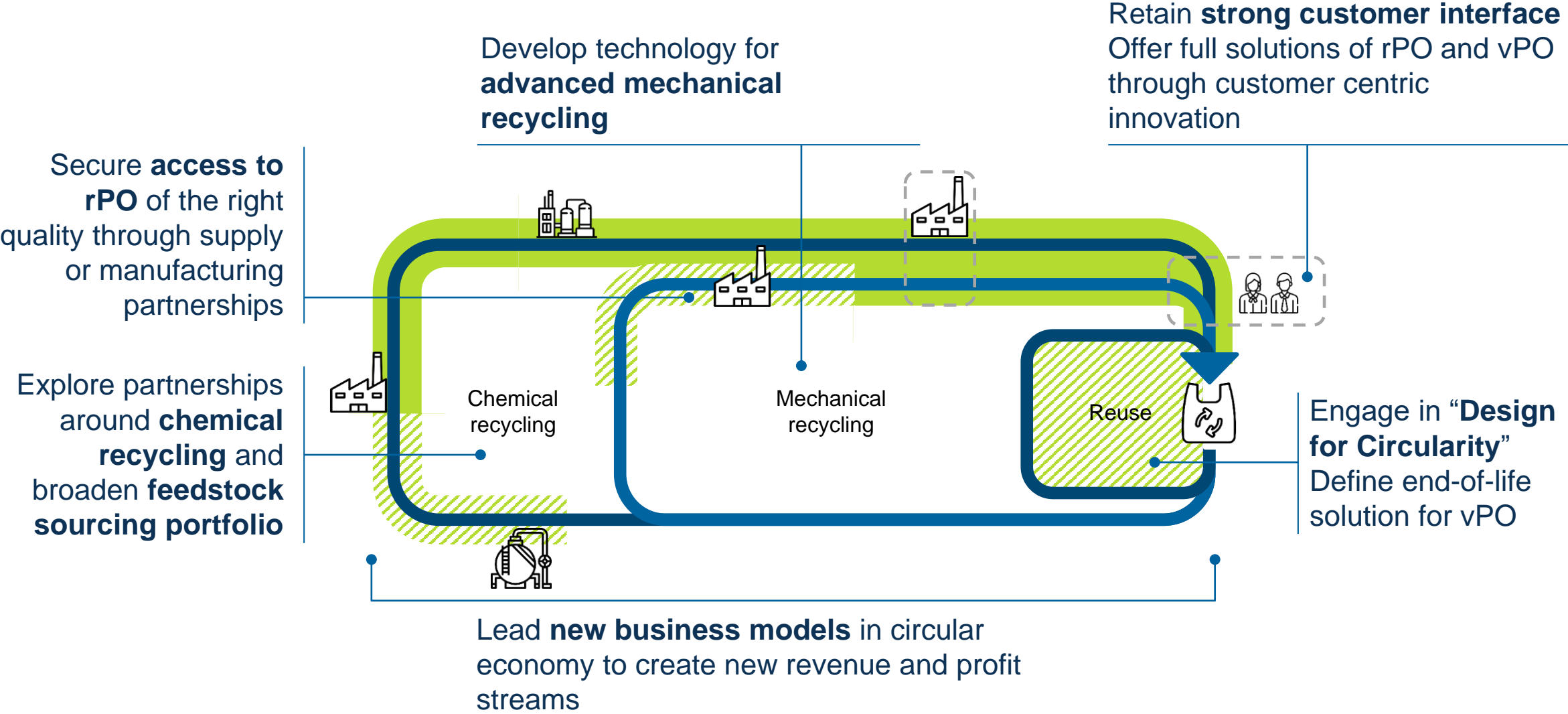
- Reduce packaging & waste
- Zero Pellet Loss
- Renewable feedstock
- Increase energy efficiency
- renewable energy
- Reduce CO<sub>2</sub> emissions
- Proactive strategy for chemicals safety
- Achieve Goal Zero

**Support profitable business growth**

- Create a Circular Economy industry
- Use renewable energy
- Improve energy efficiency
- Enhance safety in product portfolio

# Borealis Group Strategy 2035

Borealis aims to take the lead in transforming the industry by targeting “Plastics Neutrality”





# Borealis is a Pioneer in Converging Prime Material Market with Recycling

Way forward is clear: quadruple our recycled plastics volume by 2025



- Founded in **1994**, part of the **Borealis group since 2016**
- Leading European **post-consumer recycler for rigid polyolefins** with 70 kt output
- Two sites in **central Germany**
- Niedergebra site is **one of the biggest European post-consumer recycling sites** with 50 kt output



- Founded in **1989**, part of the **Borealis group since 2018**
- Leading European **post-consumer recycler for flexible polyolefins**
- Production site in **Wildon, Austria**
- On-going expansion project will increase **output to over 30 kt**



- **Borealis and TOMRA partnership** was established in January 2021
- The Demo Plant is in a recycling plant located in Lahnstein, Germany that sorts post-consumer plastic waste and **produces ready-for-market fully formulated polymer pellets**
- Borealis is responsible for the plant's commercial success and **contributes its expertise and knowledge in innovation, recycling and compounding**



- Founded in September 2020, Rensaci is Belgian company **innovating in the waste management through plastics recycling**
- Borealis **acquired a 10% minority stake of Rensaci N.V**
- Rensaci is a provider of recycling solutions and **creator of the Smart Chain Processing concept or SCP**

# The EverMinds™ platform – thinking circular

## Connecting Borealis' circular economy-related activities

### What EverMinds™ is about

- A platform to **heighten the visibility of plastics circularity**
- As the polar opposite of a dismissive “never mind” attitude, **establishes a more circular mind-set**
- Serves to streamline all Borealis circular economy related activities and boost their impact:
  - **Innovation**
  - **Commercial offerings**
  - **Corporate initiatives**
  - **Value-chain initiatives**
  - **Industry associations & memberships**
- **Sparks interaction and exchange** with stakeholders
- Acts as a catalyst to **inspire innovative circular polyolefin solutions**
- Represents people who **challenge the status quo, are smart, mindful and progressive**



### The EverMinds™ values



#### Mindfulness

We take action to shift towards a circular mindset



#### Quality

We strive to deliver premium performance whilst caring for the environment



#### Pioneering

We are constantly innovating our product portfolio; the reason our clients choose us



#### Collaboration

Only together we can shape a better tomorrow

# Borealis achieves Platinum level in EcoVadis sustainability assessment in 2021

- Borealis is proud to have achieved the **Platinum Medal in the annual EcoVadis assessment of corporate social responsibility (CSR)** for the first time.
- After reaching Gold level for four consecutive years, we were able to improve our sustainability performance even further in 2021. This places Borealis in the **top 1 percent of CSR performers globally** of the companies evaluated by EcoVadis.
- In all four categories, Borealis demonstrated an advanced sustainability management system and performed **well above the average of our reference group**.
- EcoVadis is an important platform for comparing and promoting sustainability across the value chain. Borealis encourages its suppliers to take the assessment and invites its customers to request its EcoVadis results. **Leading by example is an important part of Borealis' commitment to sustainability** and we also encourage our business partners to show their commitment.
- Borealis also participates in **Together for Sustainability** - a chemical industry initiative for sustainable supply chains. Together for Sustainability advances sustainable procurement practices by providing a platform for member organisations to share the results of supplier audits and assessments on sustainability performance.





# The journey to climate neutrality features numerous interim destinations

## Some of our recent examples

### Belgium



Long-term power purchase agreement with Axpo from Hannut and Beaumont wind farms in Belgium

### Innovation



Solar panels using Borealis proprietary Quentys™ technology installed at our Compound plant in Monza, Italy

### Antwerp



Start-up of heat recovery unit based on revolutionary Qpinch technology

### Stenungsund



Long-term power purchase agreement from Kronoberget wind farm in Sweden

### Belgium



Long-term power purchase agreement to energy from newly built offshore wind farm Mermaid

### Porvoo






Long-term power purchase agreements for renewable electricity from windfarms

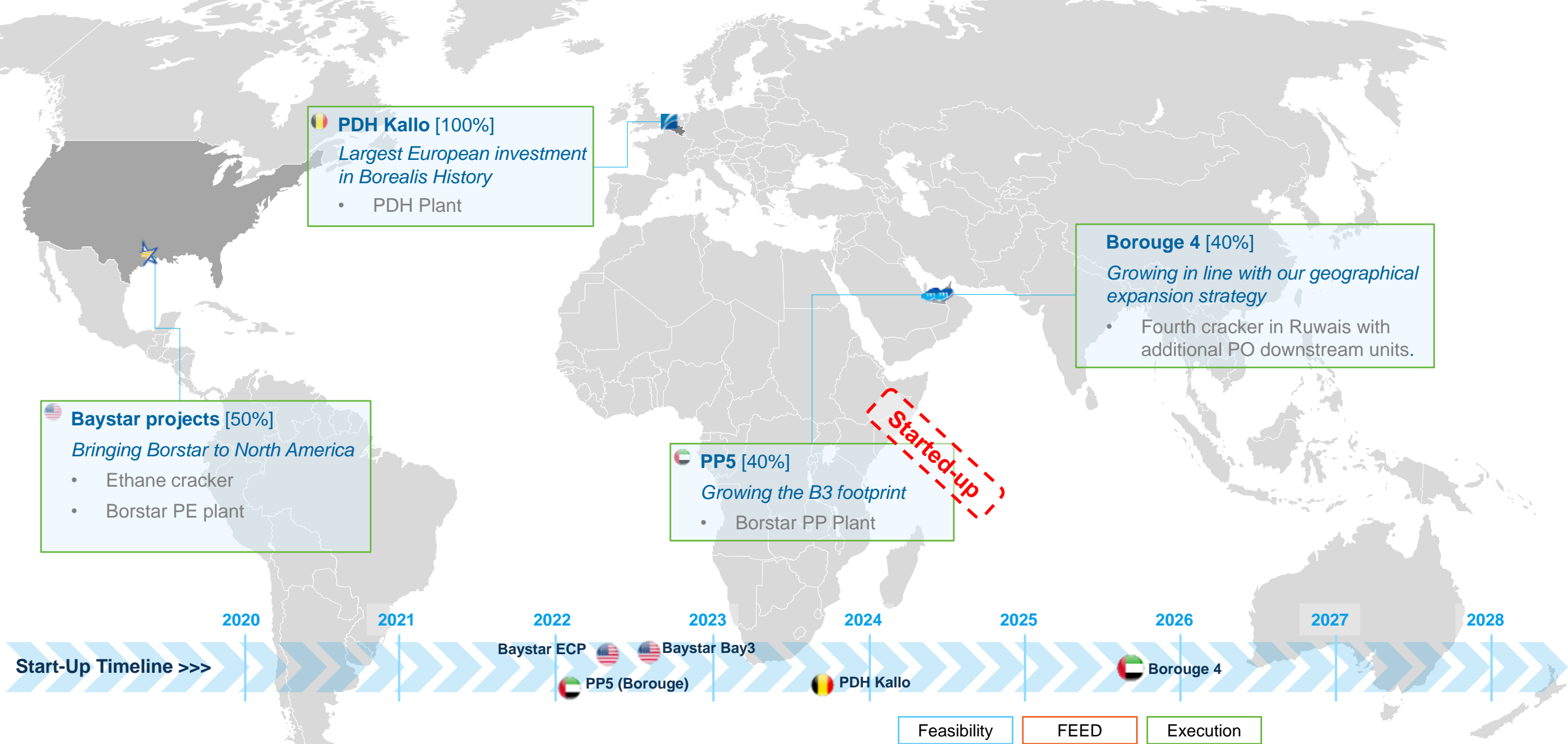
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# Key projects & growth



# Growth journey continues in Europe and beyond transforming Borealis into a global business partner

-  Borealis
-  Borouge (Borealis /ADNOC JV)
-  Baystar (Borealis /Total JV)



# World-scale PDH plant in Kallo, Belgium

FID of a new **world-scale propane dehydrogenation (PDH) plant** at the existing Borealis production site in Kallo, Belgium

**Construction started** on 9 September 2019

Expected start-up of the plant in the **in 2023**

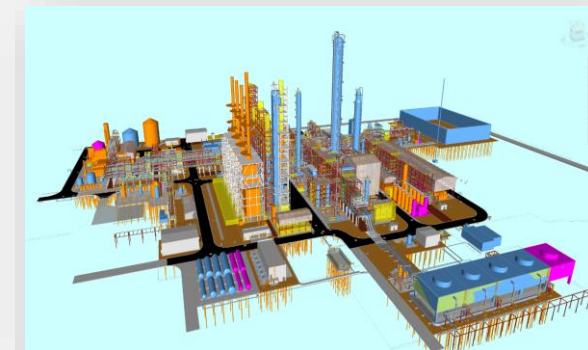
Targeted annual production capacity of 750 kt/y making it one of the **largest and most efficient** facilities in the world

**Close proximity to large consumers of propylene**, both captive and external

The location connects to existing pipeline network in the Amsterdam Rotterdam Antwerp (ARA) area allowing **cost effective sustainable propylene transport**.

**CAPEX Volume: ~ EUR 1 billion**

Belgium



# Beyond Europe – Baystar JV with Total in Texas



## United States

**Total S.A.** and **Borealis AG** have established a joint venture **Bayport Polymers (“Baystar”)** in petrochemicals on the U.S. Gulf Coast.



On 15 April 2020 Borealis Borealis AG and NOVA Chemicals Corporation announced that Borealis has completed the acquisition of NOVA Chemicals’ 50% ownership interest in Novaelis Holdings LLC (“Novaelis”).

## JV Scope

**Construction of 1 Mt/y ethane steam cracker** in Port Arthur, Texas

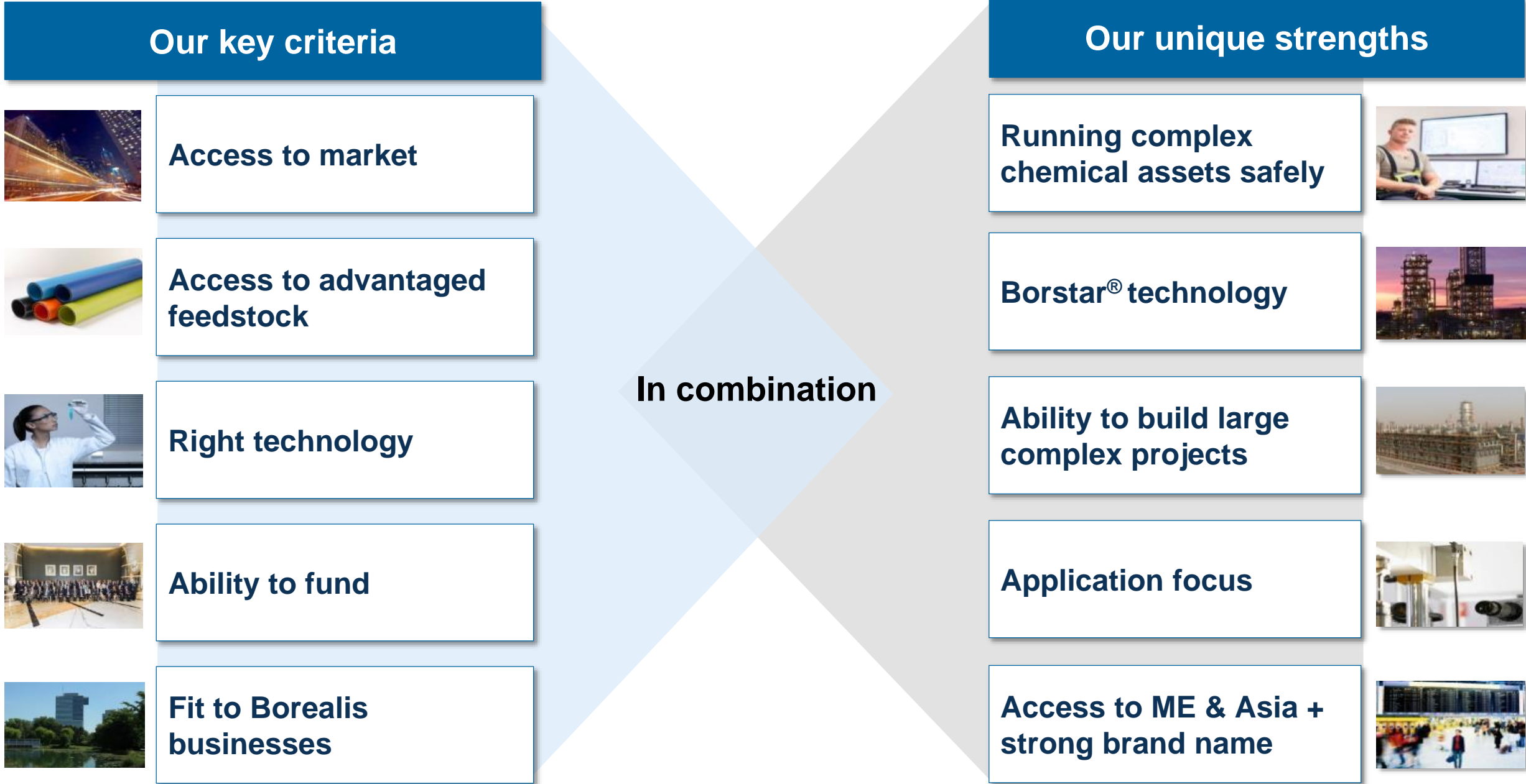
Total's **existing polyethylene 400 kt/y facility** in Bayport, Texas

Construction of a new **625 kt/y Borstar® polyethylene unit**



Source: Borealis internal information

# Our foundation for sustainable growth



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# Financials

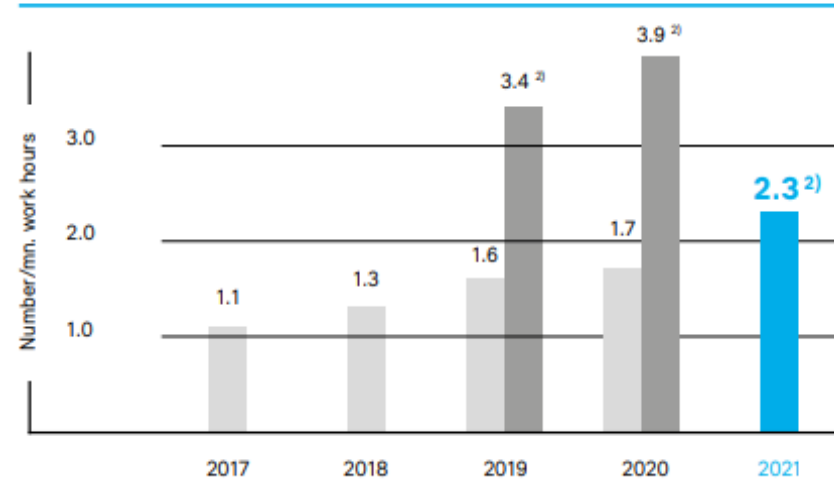




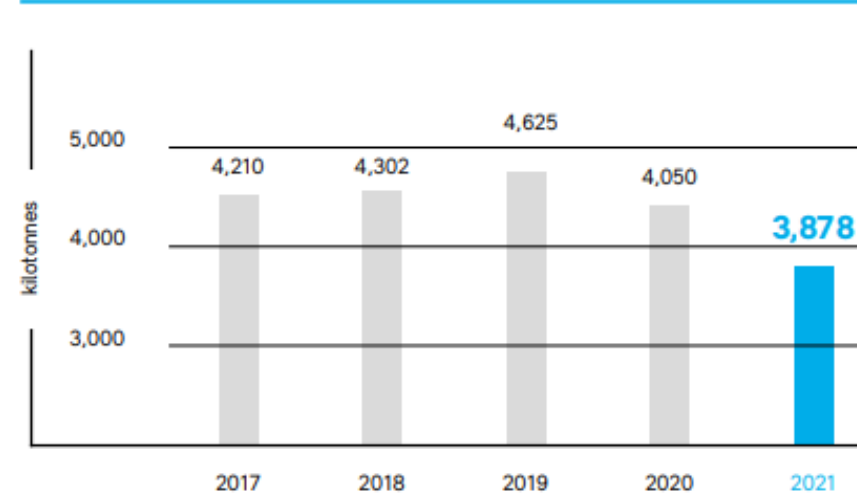


# Key financial and sustainability metrics

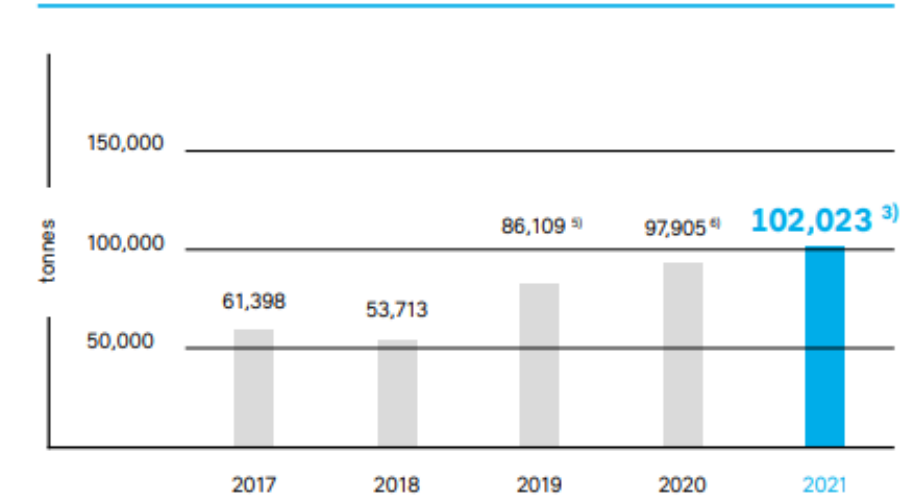
## Total Recordable Injuries (TRI) <sup>1)</sup>



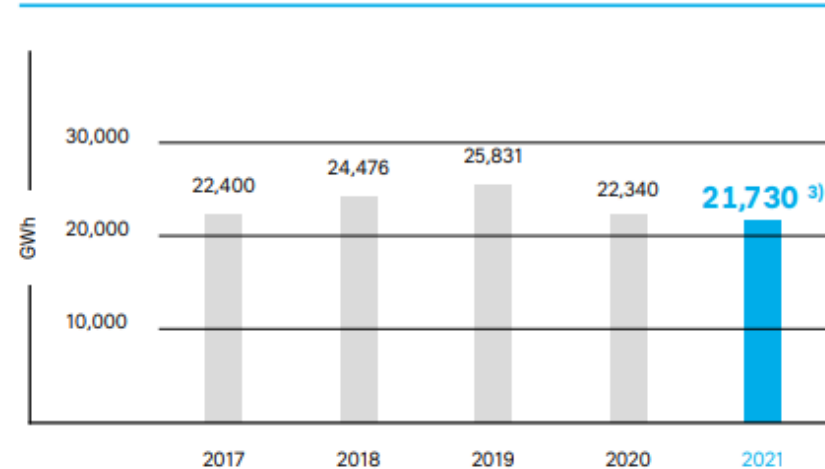
## EU ETS CO<sub>2</sub> Emissions



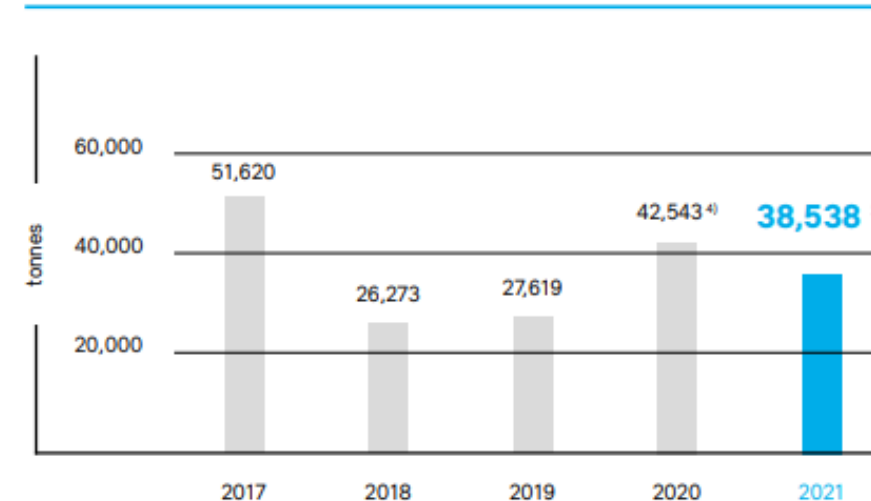
## Waste Generation



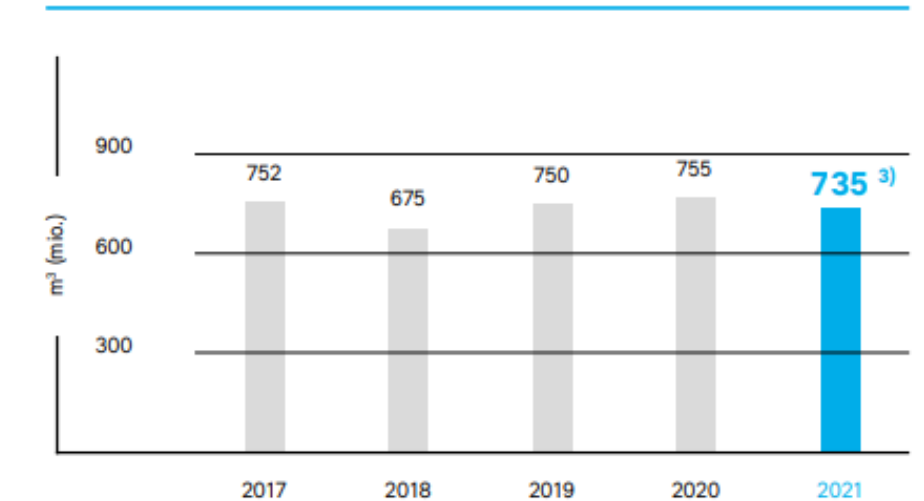
## Energy Consumption



## Flaring Performance



## Water Withdrawal

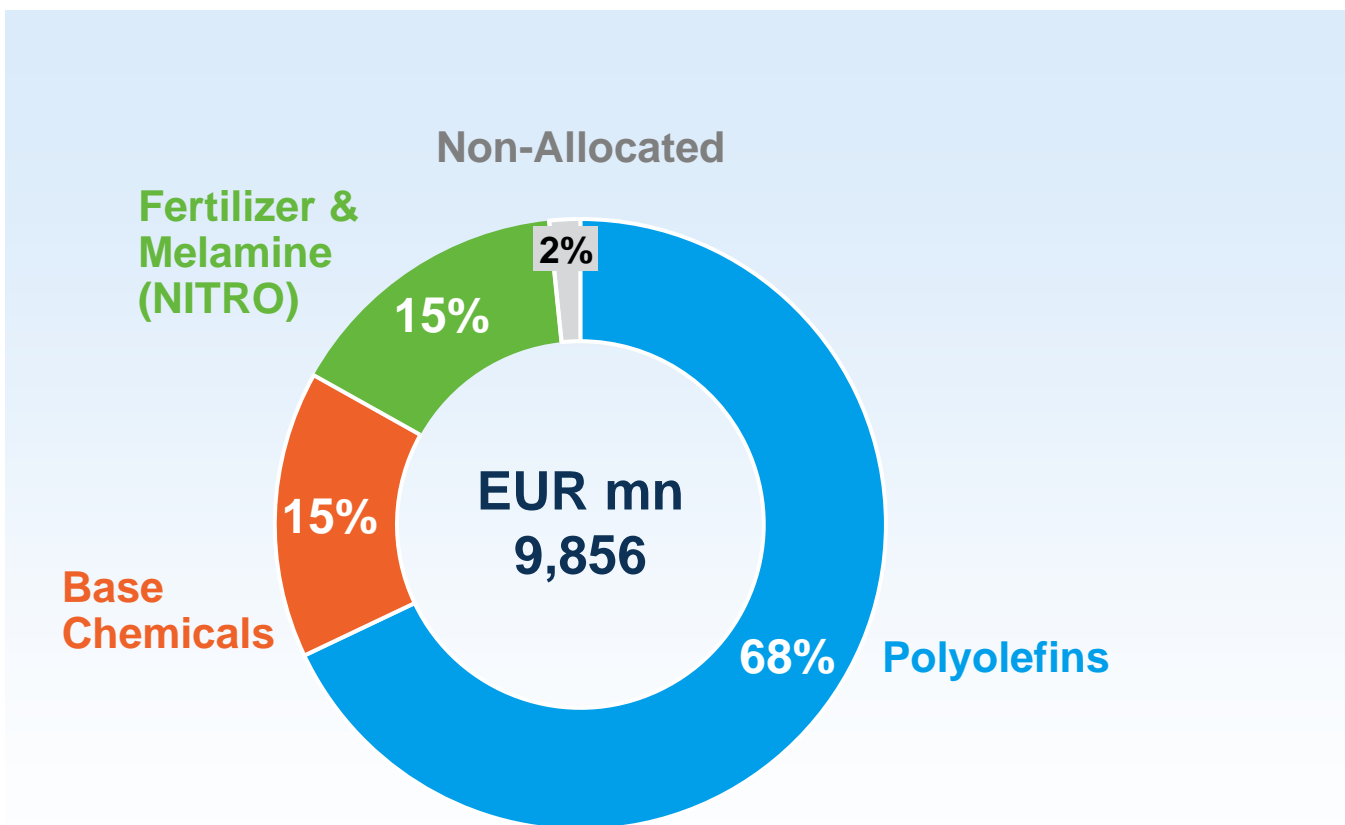


1) Includes own employees and contractors // 2) Definitions have been adjusted in 2021 to be aligned with OMV definitions. A comparison to previous years is therefore not possible. // 3) Environmental data might be subject to minor adjustments due to ongoing audits and missing third-party data at the time of closing of this report. // 4) Severe upsets led to significant emergency flaring during shutdowns; furthermore, there was a lack of recycling capacity. // 5) The main reason for the increase is the integration of the plastics recycling company mtm plastics GmbH into the monthly group reporting definitions. // 6) Value has been recalculated in retrospect due to ongoing audits and missing third-party data at the time the last report was finalised.

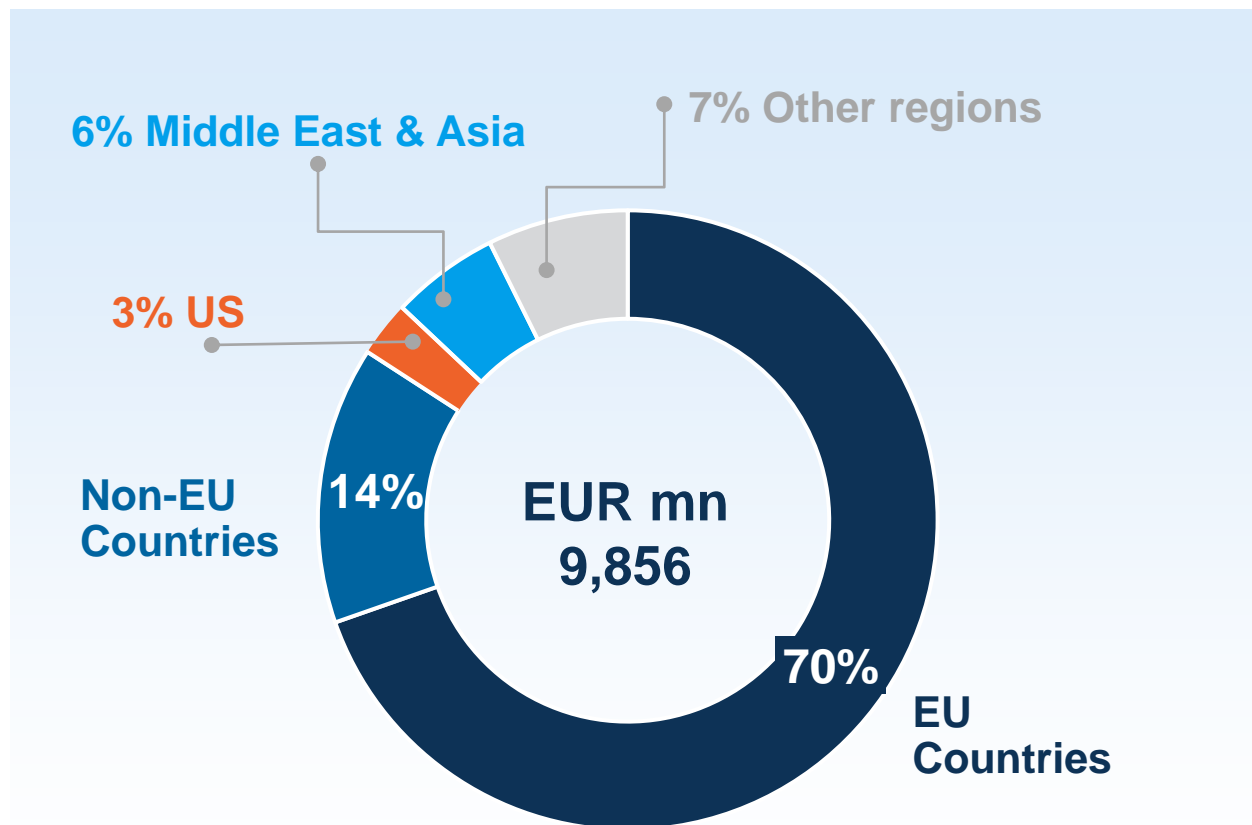
# Sales split by segment and region – FY 2021

Figures incl. discontinued operation

## Net Sales by segment, FY 2021



## Net Sales by region, FY 2021



### Reconciliation of reportable segments to the consolidated income statement EUR thousand

	2021
Total revenue for reportable segments	9,856,383
Elimination of discontinued operation	-1,264,413
<b>Net sales</b>	<b>8,591,970</b>

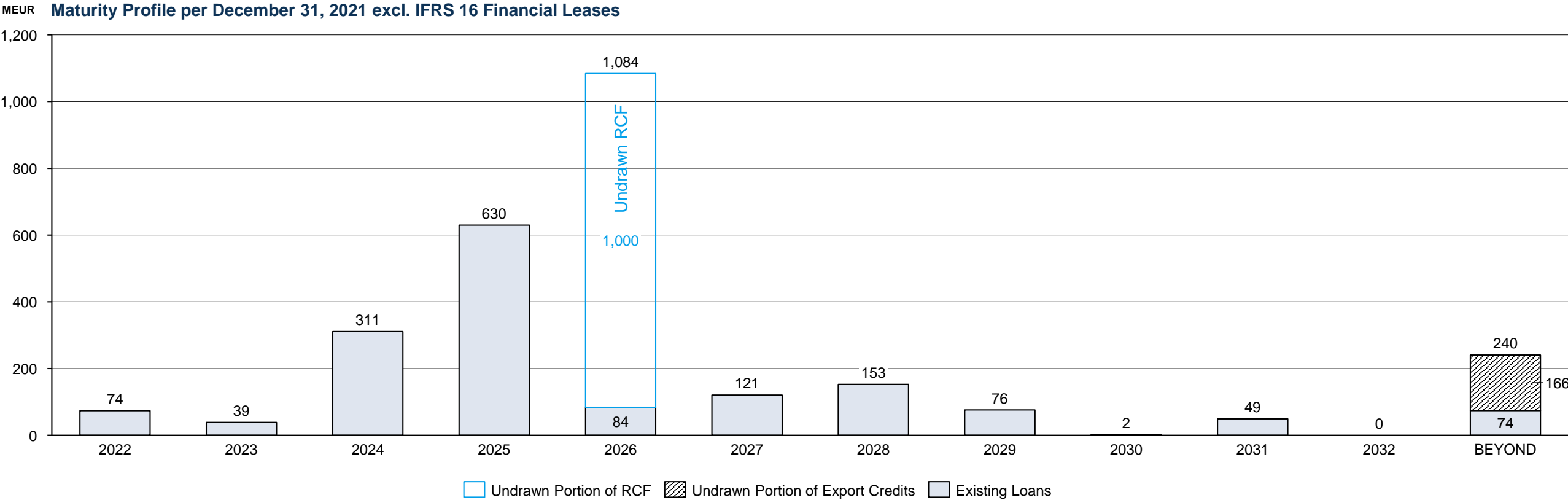
- The net sales to Ukrainian and Russian customers were less than 5% of the net sales of the company in 2021.

# Financing and Bank Strategy – Debt Portfolio

## Well diversified debt portfolio as basis for a solid financial position

- Revolving Credit Facilities
- OeKB (Austrian ECA)
- R&D Finance
- Corporate Bonds
- Private Placements (USPP, Schuldschein)
- Securitization
- Samurai Loan

## Well balanced maturity profile contributing to financial stability

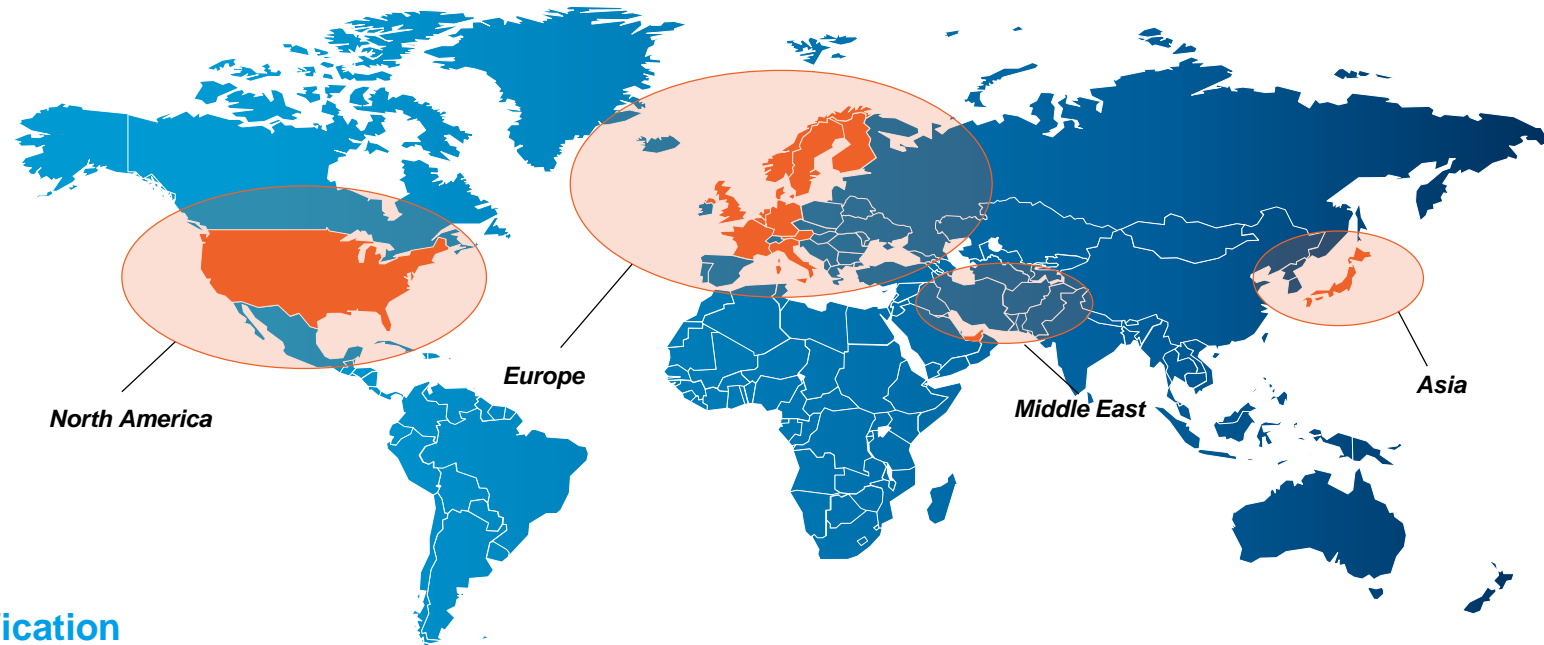


# Financing and Bank Strategy – Diversification

- Active management of maturity profile
- Portfolio approach
- Clear rules for financing approach
- Appropriate measurement & indicators
- Significant headroom under committed lines

## Geographic Diversification

of relationship banks reducing dependency on local financial markets



## Segment Diversification

of relationship banks

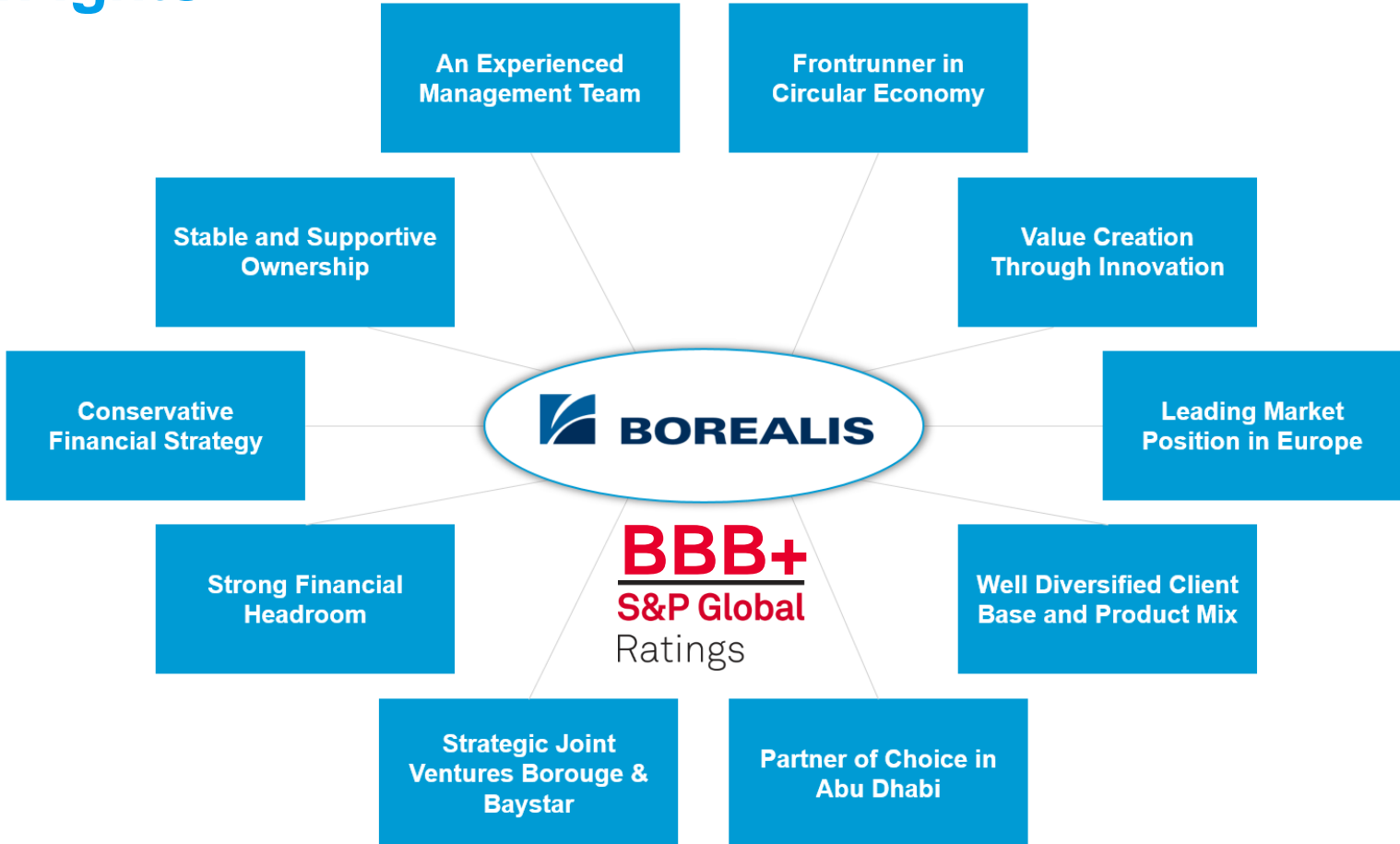


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# Conclusion



# Key credit highlights



Ratings Detail (As Of November 18, 2021)*	
<b>Borealis AG</b>	
Issuer Credit Rating	BBB+/Stable/--
Senior Unsecured	BBB+
<b>Issuer Credit Ratings History</b>	
02-Oct-2020	BBB+/Stable/--
25-Mar-2020	BBB+/Watch Neg/--
09-Nov-2018	BBB+/Stable/--

\*Table Source: S&P Global RatingsDirect published on November 18, 2021

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# Thank you

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